



Senate

General Assembly

February Session, 2018

File No. 628

Senate Bill No. 476

Senate, April 23, 2018

The Committee on Finance, Revenue and Bonding reported through SEN. FONFARA of the 1st Dist. and SEN. FRANTZ, L. of the 36th Dist., Chairpersons of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING CERTAIN TAXES ON VESSELS, VESSEL MOTORS, VESSEL TRAILERS AND MARINE DYED DIESEL FUEL.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-412 of the 2018 supplement to the general
2 statutes, as amended by section 202 of public act 16-3 of the May
3 special session, is amended by adding subdivision (124) as follows
4 (*Effective July 1, 2018, and applicable to sales occurring on and after July 1,*
5 *2018*):

6 (NEW) (124) (A) The sale of labor or acceptance or receipt in this
7 state of labor, that is otherwise taxable under subparagraph (C) or (G)
8 of subdivision (2) of subsection (a) of section 12-407 on existing vessels,
9 and repair or maintenance services on vessels, (B) (i) the sale of a
10 vessel, a motor for a vessel or a trailer used for transporting a vessel,
11 and (ii) the storage, acceptance or other use of a vessel, a motor for a
12 vessel or a trailer used for transporting a vessel, in this state, and (C)
13 during the period commencing on the first day of October in any year

14 to and including the thirty-first day of May next succeeding, (i) the dry
15 or wet storage or mooring of any noncommercial vessel, and (ii) (I) the
16 delivery of any vessel within this state exclusively for the purpose of
17 dry or wet storage, maintenance or repair, and (II) the actual process of
18 storage, maintenance or repair of such vessel.

19 Sec. 2. Subdivision (1) of section 12-408 of the 2018 supplement to
20 the general statutes is repealed and the following is substituted in lieu
21 thereof (*Effective July 1, 2018, and applicable to sales occurring on and after*
22 *July 1, 2018*):

23 (1) (A) For the privilege of making any sales, as defined in
24 subdivision (2) of subsection (a) of section 12-407, at retail, in this state
25 for a consideration, a tax is hereby imposed on all retailers at the rate
26 of six and thirty-five-hundredths per cent of the gross receipts of any
27 retailer from the sale of all tangible personal property sold at retail or
28 from the rendering of any services constituting a sale in accordance
29 with subdivision (2) of subsection (a) of section 12-407, except, in lieu
30 of said rate of six and thirty-five-hundredths per cent, the rates
31 provided in subparagraphs (B) to [(H)] (G), inclusive, of this
32 subdivision;

33 (B) (i) At a rate of fifteen per cent with respect to each transfer of
34 occupancy, from the total amount of rent received by a hotel or
35 lodging house for the first period not exceeding thirty consecutive
36 calendar days;

37 (ii) At a rate of eleven per cent with respect to each transfer of
38 occupancy, from the total amount of rent received by a bed and
39 breakfast establishment for the first period not exceeding thirty
40 consecutive calendar days;

41 (C) With respect to the sale of a motor vehicle to any individual who
42 is a member of the armed forces of the United States and is on full-time
43 active duty in Connecticut and who is considered, under 50 App USC
44 574, a resident of another state, or to any such individual and the
45 spouse thereof, at a rate of four and one-half per cent of the gross

46 receipts of any retailer from such sales, provided such retailer requires
47 and maintains a declaration by such individual, prescribed as to form
48 by the commissioner and bearing notice to the effect that false
49 statements made in such declaration are punishable, or other evidence,
50 satisfactory to the commissioner, concerning the purchaser's state of
51 residence under 50 App USC 574;

52 (D) (i) With respect to the sales of computer and data processing
53 services occurring on or after [July 1, 2000, and prior to July 1, 2001, at
54 the rate of two per cent, on or after] July 1, 2001, at the rate of one per
55 cent, and (ii) with respect to sales of Internet access services, on and
56 after July 1, 2001, such services shall be exempt from such tax;

57 [(E) (i) With respect to the sales of labor that is otherwise taxable
58 under subparagraph (C) or (G) of subdivision (2) of subsection (a) of
59 section 12-407 on existing vessels and repair or maintenance services
60 on vessels occurring on and after July 1, 1999, such services shall be
61 exempt from such tax;

62 (ii) With respect to the sale of a vessel, such sale shall be exempt
63 from such tax provided such vessel is docked in this state for sixty or
64 fewer days in a calendar year;]

65 [(F)] (E) With respect to patient care services for which payment is
66 received by the hospital on or after July 1, 1999, and prior to July 1,
67 2001, at the rate of five and three-fourths per cent and on and after July
68 1, 2001, such services shall be exempt from such tax;

69 [(G)] (F) With respect to the rental or leasing of a passenger motor
70 vehicle for a period of thirty consecutive calendar days or less, at a rate
71 of nine and thirty-five-hundredths per cent;

72 [(H)] (G) With respect to the sale of (i) a motor vehicle for a sales
73 price exceeding fifty thousand dollars, at a rate of seven and three-
74 fourths per cent on the entire sales price, (ii) jewelry, whether real or
75 imitation, for a sales price exceeding five thousand dollars, at a rate of
76 seven and three-fourths per cent on the entire sales price, and (iii) an

77 article of clothing or footwear intended to be worn on or about the
78 human body, a handbag, luggage, umbrella, wallet or watch for a sales
79 price exceeding one thousand dollars, at a rate of seven and three-
80 fourths per cent on the entire sales price. For purposes of this
81 subparagraph, "motor vehicle" has the meaning provided in section 14-
82 1, but does not include a motor vehicle subject to the provisions of
83 subparagraph (C) of this subdivision, a motor vehicle having a gross
84 vehicle weight rating over twelve thousand five hundred pounds, or a
85 motor vehicle having a gross vehicle weight rating of twelve thousand
86 five hundred pounds or less that is not used for private passenger
87 purposes, but is designed or used to transport merchandise, freight or
88 persons in connection with any business enterprise and issued a
89 commercial registration or more specific type of registration by the
90 Department of Motor Vehicles;

91 [(I)] (H) The rate of tax imposed by this chapter shall be applicable
92 to all retail sales upon the effective date of such rate, except that a new
93 rate which represents an increase in the rate applicable to the sale shall
94 not apply to any sales transaction wherein a binding sales contract
95 without an escalator clause has been entered into prior to the effective
96 date of the new rate and delivery is made within ninety days after the
97 effective date of the new rate. For the purposes of payment of the tax
98 imposed under this section, any retailer of services taxable under
99 [subparagraph (I) of subdivision (2)] subdivision (37) of subsection (a)
100 of section 12-407, who computes taxable income, for purposes of
101 taxation under the Internal Revenue Code of 1986, or any subsequent
102 corresponding internal revenue code of the United States, as from time
103 to time amended, on an accounting basis which recognizes only cash
104 or other valuable consideration actually received as income and who is
105 liable for such tax only due to the rendering of such services may make
106 payments related to such tax for the period during which such income
107 is received, without penalty or interest, without regard to when such
108 service is rendered;

109 [(J)] (I) (i) For calendar quarters ending on or after September 30,
110 2019, the commissioner shall deposit into the regional planning

111 incentive account, established pursuant to section 4-66k, six and seven-
112 tenths per cent of the amounts received by the state from the tax
113 imposed under subparagraph (B) of this subdivision and ten and
114 seven-tenths per cent of the amounts received by the state from the tax
115 imposed under subparagraph [(G)] (F) of this subdivision;

116 (ii) For calendar quarters ending on or after September 30, 2018, the
117 commissioner shall deposit into the Tourism Fund established under
118 section 10-395b ten per cent of the amounts received by the state from
119 the tax imposed under subparagraph (B) of this subdivision;

120 [(K)] (J) For calendar months commencing on or after July 1, 2019,
121 the commissioner shall deposit into the municipal revenue sharing
122 account established pursuant to section 4-66l seven and nine-tenths per
123 cent of the amounts received by the state from the tax imposed under
124 subparagraph (A) of this subdivision; and

125 [(L)] (K) (i) For calendar months commencing on or after July 1,
126 2017, the commissioner shall deposit into the Special Transportation
127 Fund established under section 13b-68 seven and nine-tenths per cent
128 of the amounts received by the state from the tax imposed under
129 subparagraph (A) of this subdivision;

130 (ii) For calendar months commencing on or after July 1, 2020, but
131 prior to July 1, 2021, the commissioner shall deposit into the Special
132 Transportation Fund established under section 13b-68 twenty per cent
133 of the amounts received by the state from the tax imposed under
134 subparagraphs (A) and [(H)] (G) of this subdivision on the sale of a
135 motor vehicle;

136 (iii) For calendar months commencing on or after July 1, 2021, but
137 prior to July 1, 2022, the commissioner shall deposit into the Special
138 Transportation Fund established under section 13b-68 forty per cent of
139 the amounts received by the state from the tax imposed under
140 subparagraphs (A) and [(H)] (G) of this subdivision on the sale of a
141 motor vehicle;

142 (iv) For calendar months commencing on or after July 1, 2022, but
143 prior to July 1, 2023, the commissioner shall deposit into the Special
144 Transportation Fund established under section 13b-68 sixty per cent of
145 the amounts received by the state from the tax imposed under
146 subparagraphs (A) and [(H)] (G) of this subdivision on the sale of a
147 motor vehicle;

148 (v) For calendar months commencing on or after July 1, 2023, but
149 prior to July 1, 2024, the commissioner shall deposit into the Special
150 Transportation Fund established under section 13b-68 eighty per cent
151 of the amounts received by the state from the tax imposed under
152 subparagraphs (A) and [(H)] (G) of this subdivision on the sale of a
153 motor vehicle; and

154 (vi) For calendar months commencing on or after July 1, 2024, the
155 commissioner shall deposit into the Special Transportation Fund
156 established under section 13b-68 one hundred per cent of the amounts
157 received by the state from the tax imposed under subparagraphs (A)
158 and [(H)] (G) of this subdivision on the sale of a motor vehicle.

159 Sec. 3. Subdivision (1) of section 12-411 of the 2018 supplement to
160 the general statutes is repealed and the following is substituted in lieu
161 thereof (*Effective July 1, 2018, and applicable to sales occurring on and after*
162 *July 1, 2018*):

163 (1) (A) An excise tax is hereby imposed on the storage, acceptance,
164 consumption or any other use in this state of tangible personal
165 property purchased from any retailer for storage, acceptance,
166 consumption or any other use in this state, the acceptance or receipt of
167 any services constituting a sale in accordance with subdivision (2) of
168 subsection (a) of section 12-407, purchased from any retailer for
169 consumption or use in this state, or the storage, acceptance,
170 consumption or any other use in this state of tangible personal
171 property which has been manufactured, fabricated, assembled or
172 processed from materials by a person, either within or without this
173 state, for storage, acceptance, consumption or any other use by such
174 person in this state, to be measured by the sales price of materials, at

175 the rate of six and thirty-five-hundredths per cent of the sales price of
176 such property or services, except, in lieu of said rate of six and thirty-
177 five-hundredths per cent;

178 (B) (i) At a rate of fifteen per cent of the rent paid to a hotel or
179 lodging house for the first period not exceeding thirty consecutive
180 calendar days;

181 (ii) At a rate of eleven per cent of the rent paid to a bed and
182 breakfast establishment for the first period not exceeding thirty
183 consecutive calendar days;

184 (C) With respect to the storage, acceptance, consumption or use in
185 this state of a motor vehicle purchased from any retailer for storage,
186 acceptance, consumption or use in this state by any individual who is a
187 member of the armed forces of the United States and is on full-time
188 active duty in Connecticut and who is considered, under 50 App USC
189 574, a resident of another state, or to any such individual and the
190 spouse of such individual at a rate of four and one-half per cent of the
191 sales price of such vehicle, provided such retailer requires and
192 maintains a declaration by such individual, prescribed as to form by
193 the commissioner and bearing notice to the effect that false statements
194 made in such declaration are punishable, or other evidence,
195 satisfactory to the commissioner, concerning the purchaser's state of
196 residence under 50 App USC 574;

197 [(D) (i) With respect to the acceptance or receipt in this state of labor
198 that is otherwise taxable under subparagraph (C) or (G) of subdivision
199 (2) of subsection (a) of section 12-407 on existing vessels and repair or
200 maintenance services on vessels occurring on and after July 1, 1999,
201 such services shall be exempt from such tax;

202 (ii) With respect to the storage, acceptance or other use of a vessel in
203 this state, such storage, acceptance or other use shall be exempt from
204 such tax, provided such vessel is docked in this state for sixty or fewer
205 days in a calendar year;]

206 [(E)] (D) (i) With respect to the acceptance or receipt in this state of
207 computer and data processing services purchased from any retailer for
208 consumption or use in this state occurring on or after July 1, 2001, at
209 the rate of one per cent of such services, and (ii) with respect to the
210 acceptance or receipt in this state of Internet access services, on and
211 after July 1, 2001, such services shall be exempt from such tax;

212 [(F)] (E) With respect to the acceptance or receipt in this state of
213 patient care services purchased from any retailer for consumption or
214 use in this state for which payment is received by the hospital on or
215 after July 1, 1999, and prior to July 1, 2001, at the rate of five and three-
216 fourths per cent and on and after July 1, 2001, such services shall be
217 exempt from such tax;

218 [(G)] (F) With respect to the rental or leasing of a passenger motor
219 vehicle for a period of thirty consecutive calendar days or less, at a rate
220 of nine and thirty-five-hundredths per cent;

221 [(H)] (G) With respect to the acceptance or receipt in this state of (i)
222 a motor vehicle for a sales price exceeding fifty thousand dollars, at a
223 rate of seven and three-fourths per cent on the entire sales price, (ii)
224 jewelry, whether real or imitation, for a sales price exceeding five
225 thousand dollars, at a rate of seven and three-fourths per cent on the
226 entire sales price, and (iii) an article of clothing or footwear intended to
227 be worn on or about the human body, a handbag, luggage, umbrella,
228 wallet or watch for a sales price exceeding one thousand dollars, at a
229 rate of seven and three-fourths per cent on the entire sales price. For
230 purposes of this subparagraph, "motor vehicle" has the meaning
231 provided in section 14-1, but does not include a motor vehicle subject
232 to the provisions of subparagraph (C) of this subdivision, a motor
233 vehicle having a gross vehicle weight rating over twelve thousand five
234 hundred pounds, or a motor vehicle having a gross vehicle weight
235 rating of twelve thousand five hundred pounds or less that is not used
236 for private passenger purposes, but is designed or used to transport
237 merchandise, freight or persons in connection with any business
238 enterprise and issued a commercial registration or more specific type

239 of registration by the Department of Motor Vehicles;

240 [(I)] ~~(H)~~ (i) For calendar quarters ending on or after September 30,
241 2019, the commissioner shall deposit into the regional planning
242 incentive account, established pursuant to section 4-66k, six and seven-
243 tenths per cent of the amounts received by the state from the tax
244 imposed under subparagraph (B) of this subdivision and ten and
245 seven-tenths per cent of the amounts received by the state from the tax
246 imposed under subparagraph [(G)] ~~(F)~~ of this subdivision;

247 (ii) For calendar quarters ending on or after September 30, 2018, the
248 commissioner shall deposit into the Tourism Fund established under
249 section 10-395b ten per cent of the amounts received by the state from
250 the tax imposed under subparagraph (B) of this subdivision;

251 [(J)] ~~(I)~~ For calendar months commencing on or after July 1, 2017, the
252 commissioner shall deposit into said municipal revenue sharing
253 account seven and nine-tenths per cent of the amounts received by the
254 state from the tax imposed under subparagraph (A) of this
255 subdivision; and

256 [(K)] ~~(J)~~ (i) For calendar months commencing on or after July 1, 2017,
257 the commissioner shall deposit into said Special Transportation Fund
258 seven and nine-tenths per cent of the amounts received by the state
259 from the tax imposed under subparagraph (A) of this subdivision;

260 (ii) For calendar months commencing on or after July 1, 2020, but
261 prior to July 1, 2021, the commissioner shall deposit into the Special
262 Transportation Fund established under section 13b-68 twenty per cent
263 of the amounts received by the state from the tax imposed under
264 subparagraphs (A) and [(H)] ~~(G)~~ of this subdivision on the [sale]
265 acceptance or receipt in this state of a motor vehicle;

266 (iii) For calendar months commencing on or after July 1, 2021, but
267 prior to July 1, 2022, the commissioner shall deposit into the Special
268 Transportation Fund established under section 13b-68 forty per cent of
269 the amounts received by the state from the tax imposed under

270 subparagraphs (A) and [(H)] (G) of this subdivision on the [sale]
271 acceptance or receipt in this state of a motor vehicle;

272 (iv) For calendar months commencing on or after July 1, 2022, but
273 prior to July 1, 2023, the commissioner shall deposit into the Special
274 Transportation Fund established under section 13b-68 sixty per cent of
275 the amounts received by the state from the tax imposed under
276 subparagraphs (A) and [(H)] (G) of this subdivision on the [sale]
277 acceptance or receipt in this state of a motor vehicle;

278 (v) For calendar months commencing on or after July 1, 2023, but
279 prior to July 1, 2024, the commissioner shall deposit into the Special
280 Transportation Fund established under section 13b-68 eighty per cent
281 of the amounts received by the state from the tax imposed under
282 subparagraphs (A) and [(H)] (G) of this subdivision on the [sale]
283 acceptance or receipt in this state of a motor vehicle; and

284 (vi) For calendar months commencing on or after July 1, 2024, the
285 commissioner shall deposit into the Special Transportation Fund
286 established under section 13b-68 one hundred per cent of the amounts
287 received by the state from the tax imposed under subparagraphs (A)
288 and [(H)] (G) of this subdivision on the [sale] acceptance or receipt in
289 this state of a motor vehicle.

290 Sec. 4. Subdivisions (3) and (4) of section 12-430 of the 2018
291 supplement to the general statutes are repealed and the following is
292 substituted in lieu thereof (*Effective July 1, 2018*):

293 (3) (A) The provisions of this subdivision shall not apply to the
294 registration of a vessel purchased or accepted or received in this state
295 on or after July 1, 2018, unless there is any unpaid tax outstanding on
296 the sale, storage, use or other consumption of such vessel prior to July
297 1, 2018.

298 (B) Each person, before obtaining an original or transferral
299 registration for a motor vehicle, vessel, snowmobile or aircraft in this
300 state, shall furnish evidence that any tax due thereon pursuant to the

301 provisions of this chapter has been paid in accordance with regulations
302 prescribed by the Commissioner of Revenue Services, and on forms
303 approved by, in the case of a motor vehicle, vessel or snowmobile, the
304 Commissioner of Revenue Services and the Commissioner of Motor
305 Vehicles, and, in the case of an aircraft, the Commissioner of Revenue
306 Services and the Commissioner of Transportation. The Commissioner
307 of Motor Vehicles shall, upon the request of the Commissioner of
308 Revenue Services, after hearing by the Commissioner of Revenue
309 Services, suspend or revoke a motor vehicle, vessel or snowmobile
310 registration of any person who fails to pay any tax due in connection
311 with the sale, storage, use or other consumption of such motor vehicle,
312 vessel or snowmobile pursuant to the provisions of this chapter. The
313 Commissioner of Transportation shall, upon the request of the
314 Commissioner of Revenue Services, after a hearing by the
315 Commissioner of Revenue Services, suspend or revoke an aircraft
316 registration of any person who fails to pay any tax due in connection
317 with the sale, storage, use or other consumption of such aircraft
318 pursuant to the provisions of this chapter.

319 (4) Where a trade-in of a motor vehicle is received by a motor
320 vehicle dealer, upon the sale of another motor vehicle to a consumer,
321 or where a trade-in of an aircraft, as defined in subdivision (5) of
322 section 15-34, is received by an aircraft dealer, upon the sale of another
323 aircraft to a consumer, or where a trade-in of a farm tractor [,] or a
324 snowmobile [or any vessel, as defined in section 15-127,] is received by
325 a retailer of farm tractors [,] or snowmobiles [or such vessels] upon the
326 sale of another farm tractor [,] or snowmobile [or such vessel] to a
327 consumer, the tax is only on the difference between the sale price of
328 the motor vehicle, aircraft, farm tractor or snowmobile [, farm tractor
329 or such vessel] purchased and the amount allowed on the motor
330 vehicle, aircraft, farm tractor or snowmobile [, farm tractor or such
331 vessel] traded in on such purchase. When any such motor vehicle,
332 aircraft, farm tractor or snowmobile [, farm tractor or such vessel]
333 traded in is subsequently sold to a consumer or user, the tax provided
334 for in this chapter [applies] shall apply.

335 Sec. 5. Subsection (a) of section 12-431 of the general statutes is
336 repealed and the following is substituted in lieu thereof (*Effective July*
337 *1, 2018, and applicable to sales occurring on or after July 1, 2018*):

338 (a) (1) Except as otherwise provided in subdivision (2) or (3) of this
339 subsection, [in case of] for the purchase of any motor vehicle,
340 snowmobile [, vessel] or aircraft other than from a licensed motor
341 vehicle dealer or licensed motor vehicle lessor, a snowmobile dealer [,
342 a licensed marine dealer] or a retailer of aircraft, respectively, the
343 receipts therefrom shall not be included in the measure of the sales tax,
344 but the purchaser thereof shall pay a use tax on the total purchase
345 price thereof to the Commissioner of Revenue Services [,] as provided
346 in section 12-411, as amended by this act. [, in the case of tangible
347 personal property purchased from a retailer, and, in the case of] Such
348 tax shall be paid, (A) for motor vehicles [, vessels] and snowmobiles,
349 before obtaining an original or [transferal] transferral registration, in
350 accordance with regulations prescribed by the Commissioner of
351 Revenue Services and on forms approved by the Commissioner of
352 Revenue Services and the Commissioner of Motor Vehicles, and [, in
353 the case of] (B) for aircraft, before obtaining an original or [transferal]
354 transferral registration, in accordance with regulations prescribed by
355 the Commissioner of Revenue Services and on forms approved by the
356 Commissioner of Revenue Services and the Commissioner of
357 Transportation.

358 (2) No use tax shall be payable in cases of purchase (A) when the
359 purchaser is the spouse, mother, father, brother, sister or child of the
360 seller, (B) when a motor vehicle [or vessel] is sold in connection with
361 the organization, reorganization or liquidation of an incorporated
362 business, provided the last taxable sale or use of the motor vehicle [or
363 vessel] was subjected to a tax imposed by this chapter and the
364 purchaser is the incorporated business or a stockholder thereof, (C)
365 when a motor vehicle is sold in connection with the organization or
366 termination of a partnership or limited liability company, provided the
367 last taxable sale or use of the motor vehicle was subjected to a tax
368 imposed by this chapter and the purchaser is the partnership or

369 limited liability company, as the case may be, or a partner or member
370 thereof as the case may be, or (D) when a motor vehicle [which] that
371 has been declared a total loss pursuant to the provisions of section
372 14-16c is rebuilt for sale or use, provided the purchaser was subjected
373 to the tax imposed by this chapter for the last taxable sale of said
374 vehicle.

375 (3) When a motor vehicle in which special equipment has
376 previously been installed exclusively for the use of a person with
377 physical disabilities is sold for use by a person with physical
378 disabilities, the purchaser shall pay a use tax on the total purchase
379 price of the vehicle, less the portion of such price attributable to such
380 special equipment. Unless established otherwise, the portion of the
381 purchase price attributable to the motor vehicle shall be deemed to be
382 the value determined pursuant to subsection (b) of this section.

383 Sec. 6. Subdivision (60) of section 12-412 of the 2018 supplement to
384 the general statutes is repealed and the following is substituted in lieu
385 thereof (*Effective July 1, 2018*):

386 (60) The sale of any motor vehicle [or vessel, as defined in section
387 15-127,] in this state when the purchaser of such motor vehicle [or
388 vessel] is not a resident of this state and does not maintain a
389 permanent place of abode in this state, provided such motor vehicle
390 [or vessel] is not presented for registration with the Department of
391 Motor Vehicles in this state and such purchaser submits a declaration,
392 prescribed as to form by the commissioner and bearing notice to the
393 effect that false statements made in such declaration are punishable, or
394 other evidence as may be requested by the Commissioner of Revenue
395 Services concerning such purchaser's residency or place of abode.

396 Sec. 7. Section 12-587 of the general statutes is repealed and the
397 following is substituted in lieu thereof (*Effective July 1, 2018*):

398 (a) (1) As used in this chapter: (A) "Company" includes a
399 corporation, partnership, limited partnership, limited liability
400 company, limited liability partnership, association, individual or any

401 fiduciary thereof; (B) "quarterly period" means a period of three
402 calendar months commencing on the first day of January, April, July or
403 October and ending on the last day of March, June, September or
404 December, respectively; (C) except as provided in subdivision (2) of
405 this subsection, "gross earnings" means all consideration received from
406 the first sale within this state of a petroleum product; (D) "petroleum
407 products" means those products which contain or are made from
408 petroleum or a petroleum derivative; (E) "first sale of petroleum
409 products within this state" means the initial sale of a petroleum
410 product delivered to a location in this state; (F) "export" or
411 "exportation" means the conveyance of petroleum products from
412 within this state to a location outside this state for the purpose of sale
413 or use outside this state; and (G) "sale for exportation" means a sale of
414 petroleum products to a purchaser which itself exports such products.

415 (2) For purposes of this chapter, "gross earnings" means gross
416 earnings as defined in subdivision (1) of this subsection, except, with
417 respect to the first sale of gasoline or gasohol within this state, if the
418 consideration received from such first sale reflects a price of gasoline
419 or gasohol sold or used in this state in excess of three dollars per
420 gallon, gross earnings from such first sale shall be deemed to be three
421 dollars per gallon, and any consideration received that is derived from
422 that portion of the price of such gasoline or gasohol in excess of three
423 dollars per gallon shall be disregarded in the calculation of gross
424 earnings. Notwithstanding the provisions of this chapter, the
425 Commissioner of Revenue Services may suspend enforcement
426 activities with respect to this subdivision until all policies and
427 procedures necessary to implement the provision of this subdivision
428 are in place, but in no event shall such suspension extend beyond April
429 15, 2012.

430 (b) (1) Except as otherwise provided in subdivision (2) of this
431 subsection, any company [which] that is engaged in the refining or
432 distribution, or both, of petroleum products and which distributes
433 such products in this state shall pay a quarterly tax on its gross
434 earnings derived from the first sale of petroleum products within this

435 state. Each company shall on or before the last day of the month next
436 succeeding each quarterly period render to the commissioner a return
437 on forms prescribed or furnished by the commissioner and signed by
438 the person performing the duties of treasurer or an authorized agent or
439 officer, including the amount of gross earnings derived from the first
440 sale of petroleum products within this state for the quarterly period
441 and such other facts as the commissioner may require for the purpose
442 of making any computation required by this chapter. [Except as
443 otherwise provided in subdivision (3) of this subsection, the] The rate
444 of tax shall be (A) [five per cent with respect to calendar quarters prior
445 to July 1, 2005; (B) five and eight-tenths per cent with respect to
446 calendar quarters commencing on or after July 1, 2005, and prior to
447 July 1, 2006; (C) six and three-tenths per cent with respect to calendar
448 quarters commencing on or after July 1, 2006, and prior to July 1, 2007;
449 (D)] seven per cent with respect to calendar quarters commencing on
450 or after July 1, 2007, and prior to July 1, 2013; and [(E)] (B) eight and
451 one-tenth per cent with respect to calendar quarters commencing on or
452 after July 1, 2013.

453 (2) Gross earnings derived from the first sale of the following
454 petroleum products within this state shall be exempt from tax:

455 (A) Any petroleum products sold for exportation from this state for
456 sale or use outside this state;

457 (B) [the] The product designated by the American Society for
458 Testing and Materials as "Specification for Heating Oil D396-69",
459 commonly known as number 2 heating oil, to be used exclusively for
460 heating purposes or to be used in a commercial fishing vessel, which
461 vessel qualifies for an exemption pursuant to subdivision (40) of
462 section 12-412, as amended by this act;

463 (C) [kerosene] Kerosene, commonly known as number 1 oil, to be
464 used exclusively for heating purposes, provided delivery is of both
465 number 1 and number 2 oil, and via a truck with a metered delivery
466 ticket to a residential dwelling or to a centrally metered system serving
467 a group of residential dwellings;

468 (D) [the] The product identified as propane gas, to be used
469 primarily for heating purposes;

470 (E) [bunker] Bunker fuel oil, intermediate fuel, marine diesel oil and
471 marine gas oil to be used in any vessel (i) having a displacement
472 exceeding four thousand dead weight tons, or (ii) primarily engaged in
473 interstate commerce;

474 (F) [for] For any first sale occurring prior to July 1, 2008, propane
475 gas to be used as a fuel for a motor vehicle;

476 (G) [for] For any first sale occurring on or after July 1, 2002, grade
477 number 6 fuel oil, as defined in regulations adopted pursuant to
478 section 16a-22c, to be used exclusively by a company which, in
479 accordance with census data contained in the Standard Industrial
480 Classification Manual, United States Office of Management and
481 Budget, 1987 edition, is included in code classifications 2000 to 3999,
482 inclusive, or in Sector 31, 32 or 33 in the North American Industrial
483 Classification System United States Manual, United States Office of
484 Management and Budget, 1997 edition;

485 (H) [for] For any first sale occurring on or after July 1, 2002, number
486 2 heating oil to be used exclusively in a vessel primarily engaged in
487 interstate commerce, which vessel qualifies for an exemption under
488 subdivision (40) of section 12-412, as amended by this act;

489 (I) [for] For any first sale occurring on or after July 1, 2000, paraffin
490 or microcrystalline waxes;

491 (J) [for] For any first sale occurring prior to July 1, 2008, petroleum
492 products to be used as a fuel for a fuel cell, as defined in subdivision
493 (113) of section 12-412, as amended by this act;

494 (K) [a] A commercial heating oil blend containing not less than ten
495 per cent of alternative fuels derived from agricultural produce, food
496 waste, waste vegetable oil or municipal solid waste, including, but not
497 limited to, biodiesel or low sulfur dyed diesel fuel;

498 (L) [~~for~~ For any first sale occurring on or after July 1, 2007, diesel
499 fuel other than diesel fuel to be used in an electric generating facility to
500 generate electricity;

501 (M) [~~for~~ For any first sale occurring on or after July 1, 2013,
502 cosmetic grade mineral oil; or

503 (N) [~~propane~~ Propane gas to be used as a fuel for a school bus.

504 [(3) The rate of tax on gross earnings derived from the first sale of
505 grade number 6 fuel oil, as defined in regulations adopted pursuant to
506 section 16a-22c, to be used exclusively by a company which, in
507 accordance with census data contained in the Standard Industrial
508 Classification Manual, United States Office of Management and
509 Budget, 1987 edition, is included in code classifications 2000 to 3999,
510 inclusive, or in Sector 31, 32 or 33 in the North American Industrial
511 Classification System United States Manual, United States Office of
512 Management and Budget, 1997 edition, or number 2 heating oil used
513 exclusively in a vessel primarily engaged in interstate commerce,
514 which vessel qualifies for an exemption under section 12-412 shall be:
515 (A) Four per cent with respect to calendar quarters commencing on or
516 after July 1, 1998, and prior to July 1, 1999; (B) three per cent with
517 respect to calendar quarters commencing on or after July 1, 1999, and
518 prior to July 1, 2000; (C) two per cent with respect to calendar quarters
519 commencing on or after July 1, 2000, and prior to July 1, 2001; and (D)
520 one per cent with respect to calendar quarters commencing on or after
521 July 1, 2001, and prior to July 1, 2002.]

522 (c) (1) Any company [~~which~~ that imports or causes to be imported
523 into this state petroleum products for sale, use or consumption in this
524 state, other than a company subject to and having paid the tax on such
525 company's gross earnings from first sales of petroleum products
526 within this state, which earnings include gross earnings attributable to
527 such imported or caused to be imported petroleum products, in
528 accordance with subsection (b) of this section, shall pay a quarterly tax
529 on the consideration given or contracted to be given for such
530 petroleum product if the consideration given or contracted to be given

531 for all such deliveries during the quarterly period for which such tax is
532 to be paid exceeds three thousand dollars. [Except as otherwise
533 provided in subdivision (3) of this subsection, the] The rate of tax shall
534 be (A) [five per cent with respect to calendar quarters commencing
535 prior to July 1, 2005; (B) five and eight-tenths per cent with respect to
536 calendar quarters commencing on or after July 1, 2005, and prior to
537 July 1, 2006; (C) six and three-tenths per cent with respect to calendar
538 quarters commencing on or after July 1, 2006, and prior to July 1, 2007;
539 (D)] seven per cent with respect to calendar quarters commencing on
540 or after July 1, 2007, and prior to July 1, 2013; and (E) eight and one-
541 tenth per cent with respect to calendar quarters commencing on or
542 after July 1, 2013. Fuel in the fuel supply tanks of a motor vehicle,
543 which fuel tanks are directly connected to the engine, shall not be
544 considered a delivery for the purposes of this subsection.

545 (2) Consideration given or contracted to be given for petroleum
546 products, gross earnings from the first sale of which are exempt from
547 tax under subdivision (2) of subsection (b) of this section, shall be
548 exempt from tax.

549 [(3) The rate of tax on consideration given or contracted to be given
550 for grade number 6 fuel oil, as defined in regulations adopted
551 pursuant to section 16a-22c, to be used exclusively by a company
552 which, in accordance with census data contained in the Standard
553 Industrial Classification Manual, United States Office of Management
554 and Budget, 1987 edition, is included in code classifications 2000 to
555 3999, inclusive, or in Sector 31, 32 or 33 in the North American
556 Industrial Classification System United States Manual, United States
557 Office of Management and Budget, 1997 edition, or number 2 heating
558 oil used exclusively in a vessel primarily engaged in interstate
559 commerce, which vessel qualifies for an exemption under section 12-
560 412 shall be: (A) Four per cent with respect to calendar quarters
561 commencing on or after July 1, 1998, and prior to July 1, 1999; (B) three
562 per cent with respect to calendar quarters commencing on or after July
563 1, 1999, and prior to July 1, 2000; (C) two per cent with respect to
564 calendar quarters commencing on or after July 1, 2000, and prior to

565 July 1, 2001; and (D) one per cent with respect to calendar quarters
566 commencing on or after July 1, 2001, and prior to July 1, 2002.]

567 (d) The amount of tax reported to be due on such return shall be
568 due and payable on or before the last day of the month next
569 succeeding the quarterly period. The tax imposed under the provisions
570 of this chapter shall be in addition to any other tax imposed by this
571 state on such company.

572 (e) For the purposes of this chapter, the gross earnings of any
573 producer or refiner of petroleum products operating a service station
574 along the highways or interstate highways within the state pursuant to
575 a contract with the Department of Transportation or operating a
576 service station which is used as a training or test marketing center
577 under the provisions of subsection (b) of section 14-344d, shall be
578 calculated by multiplying the volume of petroleum products delivered
579 by any producer or refiner to any such station by such producer's or
580 refiner's dealer tank wagon price or dealer wholesale price in the area
581 of the service station.

582 Sec. 8. Section 4-660 of the general statutes is repealed and the
583 following is substituted in lieu thereof (*Effective July 1, 2018*):

584 The Secretary of the Office of Policy and Management may establish
585 receivables for the revenue anticipated pursuant to subparagraph [(K)]
586 [(I)] of subdivision (1) of section 12-408, as amended by this act, and
587 section 4-66l.

588 Sec. 9. Section 12-458 of the general statutes is repealed and the
589 following is substituted in lieu thereof (*Effective July 1, 2018, and*
590 *applicable to sales occurring on or after July 1, 2018*):

591 (a) (1) Each distributor shall, on or before the twenty-fifth day of
592 each month, render a return to the commissioner. Each return shall be
593 signed by the person required to file the return or by his authorized
594 agent but need not be verified by oath. Any return required to be filed
595 by a corporation shall be signed by an officer of such corporation or his

596 authorized agent. Such return shall state the number of gallons of fuel
597 sold or used by him during the preceding calendar month, on forms to
598 be furnished by the commissioner, and shall contain such further
599 information as the commissioner shall prescribe. The commissioner
600 may make public the number of gallons of fuel sold or used by the
601 distributor, as contained in such report, notwithstanding the
602 provisions of section 12-15 or any other section. For purposes of this
603 section, fuel sold shall include, but not be limited to, the transfer of fuel
604 by a distributor into a receptacle from which fuel is supplied or
605 intended to be supplied to other than such distributor's motor vehicles.

606 (2) On said date and coincident with the filing of such return each
607 distributor shall pay to the commissioner for the account of the
608 purchaser or consumer a tax (A) on each gallon of such fuels sold or
609 used in this state during the preceding calendar month, of [twenty-six
610 cents on and after January 1, 1992, twenty-eight cents on and after
611 January 1, 1993, twenty-nine cents on and after July 1, 1993, thirty cents
612 on and after January 1, 1994, thirty-one cents on and after July 1, 1994,
613 thirty-two cents on and after January 1, 1995, thirty-three cents on and
614 after July 1, 1995, thirty-four cents on and after October 1, 1995, thirty-
615 five cents on and after January 1, 1996, thirty-six cents on and after
616 April 1, 1996, thirty-seven cents on and after July 1, 1996, thirty-eight
617 cents on and after October 1, 1996, thirty-nine cents on and after
618 January 1, 1997, thirty-six cents on and after July 1, 1997, thirty-two
619 cents on and after July 1, 1998, and] twenty-five cents on and after July
620 1, 2000; and (B) in lieu of said taxes, each distributor shall pay a tax on
621 each gallon of gasohol, as defined in section 14-1, sold or used in this
622 state during such preceding calendar month, of [twenty-five cents on
623 and after January 1, 1992, twenty-seven cents on and after January 1,
624 1993, twenty-eight cents on and after July 1, 1993, twenty-nine cents on
625 and after January 1, 1994, thirty cents on and after July 1, 1994, thirty-
626 one cents on and after January 1, 1995, thirty-two cents on and after
627 July 1, 1995, thirty-three cents on and after October 1, 1995, thirty-four
628 cents on and after January 1, 1996, thirty-five cents on and after April
629 1, 1996, thirty-six cents on and after July 1, 1996, thirty-seven cents on
630 and after October 1, 1996, thirty-eight cents on and after January 1,

1997, thirty-five cents on and after July 1, 1997, thirty-one cents on and after July 1, 1998, and twenty-four cents on and after July 1, 2000, and] twenty-five cents on and after July 1, 2004; (C) in lieu of said taxes, each distributor shall pay a tax on each gallon of [diesel fuel,] propane or natural gas sold or used in this state during such preceding calendar month, of [eighteen cents on and after September 1, 1991, and] twenty-six cents on and after August 1, 2002; (D) in lieu of said taxes, each distributor shall pay a tax on each gallon of propane or natural gas sold or used in this state during such preceding calendar month, of twenty-six cents on and after July 1, 2007; and (E) in lieu of said taxes, each distributor shall pay a tax on each gallon of diesel fuel sold or used in this state during such preceding calendar month, [of thirty-seven cents on and after July 1, 2007, and] at the applicable tax rate, as determined by the commissioner pursuant to section 12-458h [,] on and after July 1, 2008.

(3) Said tax shall not be payable on such fuel as may have been;

(A) [sold] Sold to the United States; [,]

(B) [sold] Sold to a municipality of this state, (i) for use by any contractor performing a service for such municipality in accordance with a contract, provided such fuel is used by such contractor exclusively for the purposes of and in accordance with such contract, or (ii) for use exclusively in a school bus, as defined in section 14-275; [,]

(C) [sold] Sold to a municipality of this state, a transit district of this state, or this state, at other than a retail outlet, for governmental purposes and for use in vehicles owned and operated, or leased and operated by such municipality, such transit district or this state; [,]

(D) [sold] Sold to a person licensed as a distributor in this state under section 12-456; [,]

(E) [transferred] Transferred from storage within this state to some point without this state; [,]

662 (F) [~~sold~~] Sold to the holder of a permit issued under section 12-458a
663 for sale or use without this state; [.]

664 (G) [~~sold~~] Sold to the holder of a permit issued under subdivision
665 (63) of section 12-412, as amended by this act, provided (i) such fuel is
666 not used in motor vehicles registered or required to be registered to
667 operate upon the public highways of this state, unless such fuel is used
668 in motor vehicles registered exclusively for farming purposes, (ii) such
669 fuel is not delivered, upon such sale, to a tank in which such person
670 keeps fuel for personal and farm use, and (iii) a statement, prescribed
671 as to form by the Commissioner of Revenue Services and bearing
672 notice to the effect that false statements made under this section are
673 punishable, that such fuel is used exclusively for farming purposes, is
674 submitted by such person to the distributor; [.]

675 (H) [~~sold~~] Sold exclusively to furnish power for an industrial plant
676 in the actual fabrication of finished products to be sold, or for the
677 fishing industry; [.]

678 (I) [~~sold~~] Sold exclusively for heating purposes; [.]

679 (J) [~~sold~~] Sold exclusively to furnish gas, water, steam or electricity,
680 if delivered to consumers through mains, lines or pipes; [.]

681 (K) [~~sold~~] Sold to the owner or operator of an aircraft, as defined in
682 section 15-34, exclusively for aviation purposes, provided (i) for
683 purposes of this subdivision, "aviation purposes" means for the
684 purpose of powering an aircraft or an aircraft engine, (ii) such fuel is
685 delivered, upon such sale, to a tank in which fuel is kept exclusively
686 for aviation purposes, and (iii) a statement, prescribed as to form by
687 the Commissioner of Revenue Services and bearing notice to the effect
688 that false statements made under this section are punishable, that such
689 fuel is used exclusively for aviation purposes, is submitted by such
690 person to the distributor; [.]

691 (L) [~~sold~~] Sold to a dealer who is licensed under section 12-462 and
692 whose place of business is located upon an established airport within

693 this state; [,]

694 (M) [diesel] Diesel fuel sold exclusively for use in portable power
695 system generators that are larger than one hundred fifty kilowatts; [,]
696 or]

697 (N) [sold] Sold for use in any vessel (i) having a displacement
698 exceeding four thousand dead weight tons, or (ii) primarily engaged in
699 interstate commerce; or

700 (O) Dyed diesel fuel, as defined in subsection (d) of section 12-487,
701 sold to the owner or operator of marine fuel docks exclusively for
702 marine purposes, provided (i) such fuel is delivered, upon such sale, to
703 a tank in which fuel is kept exclusively for marine purposes, and (ii) a
704 statement, prescribed as to form by the Commissioner of Revenue
705 Services and bearing notice to the effect that false statements made
706 under this section are punishable, that such fuel is used exclusively for
707 marine purposes, is submitted by such person to the distributor.

708 (4) Each distributor, when making a taxable sale, shall furnish to the
709 purchaser an invoice showing the quantities of fuel sold, the
710 classification thereof under the provisions of this chapter and the
711 amount of tax to be paid by the distributor for the account of the
712 purchaser or consumer.

713 (5) If any distributor fails to pay the amount of tax reported to be
714 due on its report within the time specified under the provisions of this
715 section, there shall be imposed a penalty equal to ten per cent of such
716 amount due and unpaid, or fifty dollars, whichever is greater. The tax
717 shall bear interest at the rate of one per cent per month or fraction
718 thereof from the due date of the tax until the date of payment.

719 (6) If no return has been filed within three months after the time
720 specified under the provisions of this chapter, the commissioner may
721 make such return at any time thereafter, according to the best
722 information obtainable and the form prescribed. There shall be added
723 to the tax imposed upon the basis of such return an amount equal to

724 ten per cent of such tax, or fifty dollars, whichever is greater. The tax
725 shall bear interest at the rate of one per cent per month or fraction
726 thereof from the due date of such tax to the date of payment.

727 (7) Subject to the provisions of section 12-3a, the commissioner may
728 waive all or part of the penalties provided under this chapter when it
729 is proven to his satisfaction that the failure to pay any tax was due to
730 reasonable cause and was not intentional or due to neglect.

731 (8) A distributor who is exclusively making sales of fuel on which
732 the tax imposed by this chapter is not payable may be permitted, as
733 specified in regulations adopted in accordance with the provisions of
734 chapter 54, to file reports less frequently than monthly but not less
735 frequently than annually if the commissioner determines that
736 enforcement of this section would not be adversely affected by less
737 frequent filings. Distributors permitted to file such reports shall
738 maintain records that shall detail (A) the persons from whom the fuel
739 was purchased, (B) the persons to whom, the quantities in which and
740 the dates on which such fuel was sold, and (C) any other information
741 deemed necessary by the commissioner.

742 (b) The commissioner shall, within three years after the due date for
743 the filing of a return or, in the case of a completed return filed after
744 such due date, within three years after the date of which such return
745 was received by him, examine it and, in case any error is disclosed by
746 such examination, shall, within thirty days after such disclosure, notify
747 the taxpayer thereof. When it appears that any part of the deficiency
748 for which a deficiency assessment is made is due to negligence or
749 intentional disregard of the provisions of this chapter or regulations
750 promulgated thereunder, there shall be imposed a penalty equal to ten
751 per cent of the amount of such deficiency assessment, or fifty dollars,
752 whichever is greater. When it appears that any part of the deficiency
753 for which a deficiency assessment is made is due to fraud or intent to
754 evade the provisions of this chapter or regulations promulgated
755 thereunder, there shall be imposed a penalty equal to twenty-five per
756 cent of the amount of such deficiency assessment. No taxpayer shall be

757 subject to more than one penalty under this subsection in relation to
758 the same tax period. Within thirty days of the mailing of such notice,
759 the taxpayer shall pay to the commissioner, in cash or by check, draft
760 or money order drawn to the order of the Commissioner of Revenue
761 Services, any additional amount of tax shown to be due by the
762 corrected return or shall be paid by the State Treasurer, upon order of
763 the Comptroller, any amount shown to be due such taxpayer by such
764 corrected return. The failure of such taxpayer to receive any notice
765 required by this section shall not relieve such taxpayer of the
766 obligation to pay the tax or any interest or penalties thereon. When,
767 before the expiration of the time prescribed in this section for the
768 examination of the return or the assessment of said tax, both the
769 commissioner and such taxpayer have consented in writing to such
770 examination or assessment after such time, the return may be
771 examined and said tax may be assessed at any time prior to the
772 expiration of the period agreed upon. The period so agreed upon may
773 be extended by subsequent agreements in writing made before the
774 expiration of the period previously agreed upon. The commissioner
775 may also in such a case waive the statute of limitations against a claim
776 for refund by such taxpayer. To any taxes [which] that are assessed
777 under this subsection, there shall be added interest at the rate of one
778 per cent per month or fraction thereof from the date when the original
779 tax became due and payable.

780 (c) Any person who owns or operates a vehicle [which] that runs
781 only upon rails or tracks [which] that is properly registered with the
782 federal government, in accordance with the provisions of Section 4222
783 of the Internal Revenue Code of 1986, or any subsequent
784 corresponding internal revenue code of the United States, as amended
785 from time to time, [amended,] shall be exempt from paying to a
786 distributor the motor fuels tax imposed pursuant to this section for use
787 in such vehicle.

788 Sec. 10. (NEW) (*Effective July 1, 2018*) (a) The Commissioner of
789 Revenue Services may license the owner or operator of marine fuel
790 docks to purchase dyed diesel fuel, as defined in subsection (d) of

791 section 12-487 of the general statutes, that is exempt under
 792 subparagraph (O) of subdivision (3) of subsection (a) of section 12-458
 793 of the general statutes, as amended by this act, from distributors and to
 794 sell such nontaxable fuel, provided such owner or operator can
 795 properly control such sale, through meters or pumps or other
 796 dispensing devices, directly into the fuel tank of any vessel or vessel
 797 motor. Such owner or operator shall keep and maintain proper
 798 accounting records of all purchases from the distributor and sales
 799 invoices to the purchaser, showing the signature of the purchaser and
 800 the vessel registration number of the vessel serviced, and the inventory
 801 on hand on the first day of each month. Such records shall be
 802 preserved for a period of at least three years and shall be audited by
 803 the commissioner at regular intervals. Any discrepancies found to exist
 804 for which a satisfactory explanation cannot be submitted shall be
 805 subject to the tax imposed by section 12-458 of the general statutes, as
 806 amended by this act, against such owner or operator. The license to sell
 807 dyed diesel fuel under this section may be revoked if the licensee fails
 808 to properly control and safeguard the state from any diversion to uses
 809 other than for marine purposes.

810 (b) Each distributor of dyed diesel fuel shall, on or before the
 811 twenty-fifth of each month, render a report to the commissioner. Such
 812 report shall state the number of gallons of dyed diesel fuel sold or used
 813 by such distributor during the preceding calendar month, on forms to
 814 be furnished by the commissioner, and shall contain such additional
 815 information as the commissioner prescribes.

816 Sec. 11. Section 12-413a of the general statutes is repealed. (*Effective*
 817 *July 1, 2018*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2018, and applicable to sales occurring on and after July 1, 2018</i>	12-412

Sec. 2	<i>July 1, 2018, and applicable to sales occurring on and after July 1, 2018</i>	12-408(1)
Sec. 3	<i>July 1, 2018, and applicable to sales occurring on and after July 1, 2018</i>	12-411(1)
Sec. 4	<i>July 1, 2018</i>	12-430(3) and (4)
Sec. 5	<i>July 1, 2018, and applicable to sales occurring on or after July 1, 2018</i>	12-431(a)
Sec. 6	<i>July 1, 2018</i>	12-412(60)
Sec. 7	<i>July 1, 2018</i>	12-587
Sec. 8	<i>July 1, 2018</i>	4-66o
Sec. 9	<i>July 1, 2018, and applicable to sales occurring on or after July 1, 2018</i>	12-458
Sec. 10	<i>July 1, 2018</i>	New section
Sec. 11	<i>July 1, 2018</i>	Repealer section

FIN *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 19 \$	FY 20 \$
Revenue Serv., Dept.	Various - Revenue Loss	5 million	5 million

Note: Various=Various

Municipal Impact: None

Explanation

The bill results in a revenue loss of \$5 million annually to various funds by exempting vessel related sales from the sales and use tax. As current law requires a diversion of a portion of the sales tax generated into (1) the Special Transportation Fund and (2) the Municipal Revenue Sharing Account beginning in FY 20, these funds will be impacted as well as the General Fund.

Additionally, the fuel excise tax exemption of dyed diesel fuel is not anticipated to result in a fiscal impact, as it is assumed the affected individual currently redeems a refund under current law.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**SB 476*****AN ACT CONCERNING CERTAIN TAXES ON VESSELS, VESSEL MOTORS, VESSEL TRAILERS AND MARINE DYED DIESEL FUEL.*****SUMMARY**

This bill exempts vessels (i.e., boats), vessel motors, and trailers used for transporting vessels from the sales and use tax. Under current law, vessels docked in Connecticut for more than 60 days are subject to tax.

The bill also establishes conditions under which (1) dyed diesel fuel sold to marine fuel dock owners or operators exclusively for marine purposes is exempt from the motor vehicle fuels tax and (2) marine fuel dock owners and operators may purchase and sell such tax-exempt fuel. Federal law exempts diesel fuel used for certain non-highway purposes (including marine purposes) from federal fuel taxes and requires exempt diesel fuel to be dyed red so it can be identified. Existing state law authorizes taxpayers to claim a refund for motor vehicle fuels taxes paid on such fuel if they purchased at least 200 gallons of it (CGS § 12-459).

Lastly, the bill makes technical and conforming changes.

EFFECTIVE DATE: July 1, 2018; the sales and use tax and motor fuels tax exemption provisions are applicable to sales occurring on or after July 1, 2018.

DYED DIESEL FUEL USED FOR MARINE PURPOSES

Under the bill, the exemption for dyed diesel fuel applies when it is sold to marine fuel dock owners or operators exclusively for marine purposes, provided (1) it is delivered to a tank in which fuel is kept exclusively for marine purposes and (2) the owner or operator submits

to the fuel distributor a statement that the fuel is used as such. The statement must be in a form prescribed by the Department of Revenue Services (DRS) commissioner and contain a notice that false statements are punishable.

The bill authorizes the DRS commissioner to license marine fuel dock owners and operators to purchase and sell such tax-exempt fuel, as long as the owner or operator can properly control its sale, through meters, pumps, or other dispensing devices, directly into vessel or vessel motor fuel tanks. Under the bill, the owners and operators must keep and maintain, for at least three years, proper accounting records of their (1) purchases from distributors, (2) sales invoices to purchasers (including the purchaser's signature and the serviced vessel's registration number), and (3) inventory on the first day of each month.

The DRS commissioner must audit the records at regular intervals. Any discrepancies for which a satisfactory explanation cannot be submitted are subject to tax. The commissioner may revoke a license if the owner or operator fails to properly control and safeguard the state from the fuel being diverted to uses other than for marine purposes.

The bill requires dyed diesel fuel distributors to report monthly to the DRS commissioner on the number of gallons of dyed diesel fuel they sold or used during the preceding calendar month and any additional information specified by the commissioner. They must do so by the 25th day of each month on forms the commissioner prescribes.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 35 Nay 11 (04/05/2018)